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## **Belgium-Luxembourg**

### **Livestock and Products**

# **The Organized Reduction of Livestock: A Solution for Sustainable Breeding 2002**

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#### **Report Highlights:**

**On January 31, 2002, the Flemish problems to cut manure overproduction were addressed in a conference called "The organized Reduction of Livestock: A Solution for Sustainable Livestock Breeding". The manure problem is a result of the EU directive on water pollution by nitrates. Solutions to the problem as well as the economic and social impact on the livestock sector and related industries were discussed.**

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On Thursday January 31, 2002 a conference was held at Ghent University on "The Organized Reduction of Livestock: A Solution for Sustainable Livestock Breeding". The conference was meant to provide a starting point for farmers association's proposal to deal with Flanders' manure problem.

### **The Boerenbond proposal**

President of the Belgian Farmers Organization, the "Boerenbond" described the problem and explained their proposal.

The EU nitrate directive establishes a standard of 50 ppm of nitrogen/l for surface and ground water quality. The European Commission also provides controls to make sure these standards will be met by 2003. Despite the efforts and improvement obtained through the Manure Action Plans (MAP I and II), Flanders has a long way to go to meet the nitrogen standard. This is not a typically Belgian problem as reportedly 11 out of the 15 EU countries face problems with the Commission on this matter.

In 2001 Belgian livestock produced 188,000 tons of nitrogen. Considering a 15 percent loss through ammonia, 160,000 tons, supplemented by an additional 2,000 tons from other sources have to be discarded. There is a net export of 4,000 tons while the Flemish soil can take some 174,000 tons under the MAP II regulation. Thus there is a 10 percent margin in theory but in practice there is a problem. Forecasts for 2003 are a gross production of 182,000 tons of nitrogen, a net total production of 159,000 tons and a real disposal possibility on Flemish soils of 132,000 tons. That leaves a net surplus of 23,000 tons or 27,000 tons gross nitrogen, that is, 15 percent of total production to dispose.

Based on these figures, the "Boerenbond" suggested its proposal to the Flemish government. Their plan aims at taking care of the surplus by reducing manure output for one half and manure processing and export for the second half. Nitrogen output could be reduced by 4-5,000 tons through improved feed compounding and the rest by a production purchase scheme. Pig manure processing should eliminate some 6,000 tons of nitrogen while poultry manure export should account for the rest. Another possibility could be a mandatory take back by the feed compound industry. "Boerenbond" is promoting the production purchase scheme on a voluntary basis for all animal types and a price per unit of nitrogen production rather than on an animal base. "Boerenbond" suggests that the government and the livestock sector share the cost of this.

This proposal will only work if the Flemish AgMinister, Mrs. Vera Dua, does not extend the restricted fertilizing area by another 380,000 hectares, as she was planning. This would double the nitrogen surplus to 55,000 tons.

### **A view from The Netherlands on sustainable livestock breeding**

The Dutch Ministry of Agriculture representative explained the Dutch approach. The manure production rose to unacceptable levels in the early eighties and measures have been taken since 1984. Production limits, reduction of mineral losses and a major pig production buy back program linked with elimination of production facilities, should allow The Netherlands to meet the nitrate directive by 2003. From 2004 on, manure production is meant to be directly linked to

farm acreage. The 2001 Foot and Mouth Disease outbreak resulted in further steps. The Wijffels commission worked on this and the Dutch Government publicized its point of view for sustainable livestock breeding on September 7, 2001.

Manure production for all Livestock breeding is expected to be sustainable by 2010, assuming that the following steps will be put into effects:

- improved conditions for environment, animal welfare, animal health, food safety and landscape
- promoting consumer confidence in quality by more transparency, improved quality labels, promoting branding, installing total quality systems and promoting organic products
- reinforcing liability for individual businesses; replacing safety nets by private insurance
- encouraging innovation: reviewing research policies, enhance consolidation, focus on safe, sustainable and transparent chains and adequate communication
- establishing a Dutch Food Safety Agency which has a stronger orientation towards consumers and individual liability
- a review of the European agricultural policy with better market and quality development, minimum standards and free markets

This plan is reportedly positively accepted by the Dutch livestock sector although some further refinement is considered necessary. The transition is however slow as there are many bottlenecks. Before the elections in May, the present government intends to start some initiatives to increase legislative integration and to improve transparency.

### **Consequences of Livestock Reduction in Belgium for Upstream and Downstream Industries**

Professor Viaene from the State University of Ghent pointed out the complex and direct links between animal production, feed suppliers and meat industry. Upstream and downstream industries suffer immediate consequences from livestock reduction.

The feed sector.

- Closer coordination from feed to meat processing has drastically increased with feed companies as the driving force. Feed compounders are more and more involved in specifications and selling conditions with retailers.
- Costs are increasing fast: no growth enhancers, no meat and bone meal (MBM), non-GMO commodities. The dioxin crisis was a major burden but the Good Manufacturing Practices program has strengthened them. Consolidation will lead to better capacity use, higher efficiency and better quality.
- A loss of market can't be compensated as transportation expenses do not allow to expand market area. Almost no companies can export.
- The 7-8 biggest companies have about a 50 percent market share. Competition is high compared to The Netherlands and France. The feed compound federation BEMEFA, however offers a good platform to tackle common problems.
- Raw materials are controlled by the open market. The Federal Food Safety Agency has not enhanced consultation on controls and communication.

- Only some smaller companies can escape consolidation by specializing in niche products. Companies are already seeking expansion in the Walloon area, Northern France or Eastern Europe. Competition from The Netherlands will only increase.

Slaughterhouses and cutting plants.

- Structural problems are already important: low added value, high indebtedness and little investment in recent years.
- A 20 percent decrease in pig breeding will lead to a 35 percent slaughter overcapacity. A 'hook' war will weaken the whole slaughterhouse sector. The purchasing power of processing industry and retailers will only increase.
- The ban of MBM in feed has led to high expenses for disposal of slaughter waste; EUR 0.85/slaughtered pig. Traceability is mandatory but difficult and costly for pigs. Margins on meat cuts barely cover the costs of labor and overhead; full use of capacity is vital.
- Meat consumption is decreasing, while poultry substitutes for red meat. Health and food safety are important, but the consumer is price driven. Consumer perception of meat remains bad and communication is not effective. The export sector is vulnerable as Germany alone takes 60 percent; the lack of consolidation does not allow many exports to interesting markets like Korea and Japan.
- The small scale structure of the sector offers no options for the future but the will for collaboration is nonexistent. The different meat crises led to conservatism and there are no new initiatives or alternatives.
- Discussions with the authorities on food safety and hygiene are considered a threat rather than an opportunity. The small scale and a lack of professionalism do not allow producers to take full advantage of economical measures offered.
- The 31 Flemish slaughterhouses must decrease to 10 or less on a short term. If the sector is not able to agree on an organized reorganization, the whole sector is expected to lose.

### **Flemish Minister of Environment and Agriculture Vera Dua's Point of View**

According to Minister Dua, the Flemish AgMinister, 6.5 million pigs, 1.5 million cattle and the 33 million chickens produce 205 thousand tons of nitrogen and 85 thousand tons of phosphate. The Flemish soil can maximally absorb 139 thousand tons of nitrogen and 49 thousand tons of phosphate. This leaves Flanders with a huge problem. The Minister's approach addresses lower pollutants, more prudent fertilizing and better use of manure.

- 1) Lower production. There are 3 possibilities for decreasing nutrient production: improved feed and feeding techniques, rational nutrient management on the farm and a decrease in animal numbers.
- 2) More prudent fertilizing. Better fertilizing techniques can avoid nutrient loss into the soil and the water. This consists of better matching of fertilizing to the crop needs, the use of poor emission spreading techniques and a limitation of the manure spreading time period.
- 3) Manure processing facilities. An environmentally acceptable processing of the manure surplus is the only way for continued soil less animal production.

Essential in this is a successful manure processing. At present 70 authorizations for manure processing have been delivered. The nitrate pollution of surface water is improving as a result of manure spreading restrictions. A first step is made for livestock decrease with the animal production buyback program. In 2001, 1 billion BEF was spent to decrease the pig herd with 12,309 sow places and 169,740 slaughter pig places. This accounts for a decrease of 2,500 tons of nitrogen and 1,080 tons of phosphate production. For 2002, 70 percent of the budget is already taken by the surplus of the 2001 demands. After that, animal species other than pigs should also be allowed to participate in this program.

### **Debate**

The conference ended with a debate. BEMEFA Director Hubert Vandeputte stated that the feed sector would contribute to the decrease of nutrient production with lower nitrogen and phosphate feeds. The decrease should be 5,000 tons of nitrogen and 8,000 tons of phosphate.

The Director for the Meat processing and trade federation (BIVEX), Mr. Van Acker, commented that the overcapacity was built in the eighties as a consequence of mandatory investments for better hygienic standards. He agreed that consolidation in his sector is inevitable.